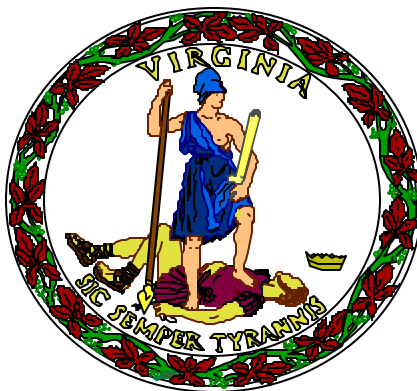


CSB AUDIT GUIDE

Eighth Annual Edition



Richard E. Kellogg
Commissioner
July 2001

Published by the
Virginia Department of Mental Health, Mental Retardation
and Substance Abuse Services
Division of Financial Administration
Office of Financial Reporting & Compliance
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Director
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www.dmhmrzas.state.va.us

Preface

This is the eighth annual edition of the CSB Audit Guide that is issued for Auditors and Managers of Community Services Boards (CSBs). This guide provides guidance for CSBs, CSB contract agencies, and their auditors. This guide has several objectives as noted below:

1. to summarize DMHMRSAS' audit report review findings,
2. to provide guidance and references on audit related subjects including checklists,
3. to summarize DMHMRSAS' reporting requirements, and
4. to provide an introduction to the governmental health care reporting model.

Suggestions provided by both CSB personnel and auditors have been incorporated in this guide.

The major changes in this edition are:

1. A summary of audit report review findings for FY 2000 (Chapter 2) and
2. Changes to the desk review checklists (Chapter 3).

Appendix A (CSB Funding Model) and Appendix B (Federal Grants and CFDA Numbers) are not included in this edition. Both were included in the prior edition.

DMHMRSAS is continuing to encourage the adoption of the government health care reporting model by operating CSBs. Adoption of this model is effective for FYE 2001. Refer to Chapter 5, *Government Health Care Reporting*, for additional information.

How to Access the Office of Financial Reporting and Compliance (OFRC) Website

1. Go to the Department's web page at **www.dmhmrzas.state.va.us**.
2. Single click **Enter**.
2. Single click **DMHMRSAS Offices**.
3. Single click **Financial Reporting and Compliance**.
4. Single click on the desired topic to be reviewed. (Under the topic, **Publications**, the user may further single click to review a desired publication).

Mission Statement

The mission of the Department of Mental Health, Mental Retardation, and Substance Abuse Services is to improve the quality of life for people with mental disabilities and substance abuse problems by providing the very best services possible, at a minimal burden to the taxpayer. The Department works to effectively treat those who need services and to prevent the development of mental disabilities and substance abuse problems. This is accomplished through a coordinated system of care that respects and promotes the dignity, rights, and full participation of individuals and their families. We believe that all people have a right to participate in the life of the community that should not be limited by the presence of mental illness, mental retardation or substance abuse.

Acknowledgement

The Office of Financial Reporting and Compliance is appreciative of those CSB fiscal officers and their auditors who have provided valuable comments and suggestions in the development of this document. We encourage continuous feedback and input so that the next edition can be improved even further.

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Nauri Ahmed , CGFM, CPA Financial Management Analyst (804) 371-4613 nahmed@dmhmrsas.state.va.us	CSB Assignments: Alexandria Alleghany Highlands Arlington Fairfax-Falls Church Harrisonburg-Rockingham Loudoun County	CSB Assignments: Northwestern Prince William County Rappahannock-Rapidan Region Ten Rockbridge Area Valley
Jerry Spivey , CGFM, CFE Financial Management Analyst (804) 371-0122 gspivey@dmhmrsas.state.va.us	CSB Assignments: Chesapeake Chesterfield Colonial District 19 Eastern Shore Hampton-Newport News Hanover County	CSB Assignments: Henrico Area Middle Peninsula-Northern Neck Norfolk Portsmouth BHS Richmond BHA Virginia Beach Western Tidewater
On the Website for DMHMRSAS: 1. Year 2001 Performance Contract Exposure Draft 2. Audit Guide 3. Financial Management Standards for CSBs 4. Model RFPs: Audit and Banking Services 5. Model Contracts Audit and Banking Services 6. DMHMRSAS Annual Financial Report 7. APA Form 110	Professional Reference Materials: OMB Circulars: www.whitehouse.gov/wh/eop.omb AICPA: www.aicpa.org For Research: www.agacgfm.org Auditor of Public Accounts: www.apa.state.va.us	Professional Reference Materials: U.S. Government Printing Office: www.access.gpo.gov Commerce Clearing House: www.cch.com Practitioners Publishing Company: www.ppcinfo.com Harcourt Brace Publishing: www.harbrace.com
The Office of Financial Reporting and Compliance performs these tasks: audit report desk reviews, financial reviews of CSBs, monthly and annual DMHMRSAS financial reporting, FMS user documentation, publication of audit guide, publication of annual reports, special projects and studies.		

****See information on Page 2 in reference to accessing the Office of Financial Reporting and Compliance (OFRC) website.**

CSB Fiscal Officers E-Mail Addresses

Fiscal Officer's Name	Name of CSB	E-mail Address
Sauls, Brenda	Alexandria	brenda.sauls@ci.alexandria.va.us
Brinkley, Jean	Alleghany Highlands	jpbrinkley@aol.com
Potter, Pat	Arlington County	ppotte@co.arlington.va.us
Plichta, John	Blue Ridge	jplichta@brbh.org
Trent, Wayne	Central Virginia	wtrent@lynchburh.net
Vanlandingham, Lisa	Chesapeake	lvlandingham.csb09@dmhmrsas.state.va.us
Southard, Gary	Chesterfield	southardg@co.chesterfield.va.us
German, Keith	Colonial	kgerman@colonialcsb.org
Delong, Connie	Crossroads	xrdscsb@aol.com
Adams, Robert	Cumberland Mountain	robby@cmcsb.com
Howard, Tom	Danville-Pittsylvania	dpcs@gamewood.net
Scott, Harold	Dickenson County	reimburse@naxs.com
Dalton, Ed	District 19	gdalton@d19csb.com
Mason, Dawn	Eastern Shore	dawnescsb@yahoo.com
McKernan, Ginny	Fairfax-Falls Church	ginny.mckernan@co.fairfax.va.us
Griffin, Sandra	Goochland-Powhatan	sgriffin@co.goochland.va.us
Reed, Diane	Hampton-Newport News	dianer@hnnscsb.org
Gentry, John	Hanover	jcgentry@co.hanover.va.us
Whitmore, Lacy	Harrisonburg-Rockingham	lwhitm@hrscsb.org
Glass, Terrie	Henrico	gla20@co.henrico.va.us
Simpson, Kathy	Highlands	hcs@preferred.com
Shockley, Beth	Loudoun	eshockle@co.loudoun.va.us
Wingrove, Yvonne	Middle Peninsula NN	wingrove@inna.net
Musser, Patty	Mount Rogers	pattym@mrscsb.state.va.us
Williams, Deborah	New River Valley	dwhitten-williams@nrvc.state.va.us
Balduzzi, Suzanne	Norfolk	sbalduz@city.norfolk.va.us
Toth, David	Northwestern	dtoth@shentel.net
Pilson, Caroline	Piedmont	cpilson@piedmontcsb.org
Carter, Jewel	Planning District 1	Jcpd1csb@mounet.com
Tejada, Astro	Portsmouth	tejadaa@ci.portsmouth.va.us
Hopkins, Kenneth	Prince William County	khopkins@pwccgov.org
Smith, Kathy	Rappahannock Area	ksmith@racsb.state.va.us
McFalls, Anna	Rappahannock Rapidan	amcfalls@rrscsb.org
Brown, Caruso	Region 10	carusob@regionten.org
Bell, Bonita, Exec. Dir	Richmond BHA	bellb@rbha.org
Decourcy, Mary	Rockbridge	racsbmed@intelos.net
Thomasson, Jack	Southside	jthomasson@sscsb.org
Fife, Tom	Valley	vcsb2@cfw.com
Brickeen, Jerry	Virginia Beach	jbrickee@city.virginia-beach.va.us
Mountjoy, Buddy	Western Tidewater	bmountjoy@wtcsb.org

Classification of CSBs by Code

The following classification of CSBs has evolved from Chapter 10, Title 37.1 of the Code of Virginia. The source of this information is the DMHMRSAS Office of Community Contracting.

Community Services Board Status			
Name of CSB	Type	Name of CSB	Type
1. Alexandria ¹	Admin. Policy	22. Loudoun County ¹	Admin Policy
2. Alleghany Highlands	Operating	23. Middle Peninsula-Northern Neck	Operating
3. Arlington County ¹	Admin. Policy		
4. Blue Ridge	Operating	24. Mount Rogers	Operating
5. Central Virginia	Operating	25. New River Valley	Operating
6. Chesapeake ¹	Admin. Policy	26. Norfolk	Operating
7. Chesterfield County ¹	Admin. Policy	27. Northwestern	Operating
8. Colonial	Operating	28. Piedmont	Operating
9. Crossroads	Operating	29. Planning District I	Operating
10. Cumberland Mountain	Operating	30. Portsmouth ¹	LG Dept. ²
11. Danville-Pittsylvania	Operating	31. Prince William County	Admin. Policy
12. Dickenson County	Operating	32. Rappahannock Area	Operating
13. District 19	Operating	33. Rappahannock-Rapidan	Operating
14. Eastern Shore	Operating	34. Region Ten	Operating
15. Fairfax-Falls Church	Admin. Policy	35. Richmond	BHA ³
16. Goochland-Powhatan	Operating	36. Rockbridge Area	Operating
17. Hampton-Newport News	Operating	37. Southside	Operating
18. Hanover County	Admin. Policy	38. Valley	Operating
19. Harrisonburg-Rockingham	Operating	39. Virginia Beach ¹	Admin. Policy
20. Henrico Area ¹	Admin. Policy	40. Western Tidewater	Operating
21. Highlands	Operating		

¹ Actual city or county government department (8 CSBs)

² The only local government department with a policy-advisory CSB

³ The only behavioral health authority (BHA), established pursuant to Chapter 15 of Title 37.1 of the *Code of Virginia*; functions like an operating CSB.

Number of operating CSBs:	28	Number of local government departments:	1
Number of administrative CSBs:	10	Number of behavioral health authorities:	1

Classification of CSBs by Budget Size and Population

Combined Community Services Boards (CSBs) Classification (40)		
Budget Size and Population Density	Operating CSBs (28); Behavioral Health Authority (1)	Administrative Policy CSBs (10); Local Government Departments with Policy-Advisory CSBs (1)
Large Budget Urban CSBs (11)	Blue Ridge, Hampton-Newport News, Norfolk, Region Ten, Richmond BHA	Alexandria, Arlington, Chesterfield, Fairfax-Falls Church, Henrico Area, Virginia Beach
Medium Budget Urban CSBs (6)	Colonial, Rappahannock Area	Chesapeake, Loudoun County, Portsmouth DBHS, Prince William County
Medium Budget Rural CSBs (12)	Central Virginia, Crossroads, Cumberland Mountain, District 19, Middle Peninsula-Northern Neck, Mount Rogers, New River Valley, Northwestern, Piedmont, Rappahannock-Rapidan, Region Ten, Valley, Western Tidewater	
Small Budget Urban CSB (1)		Hanover County
Small Budget Rural CSBs (10)	Alleghany Highlands, Danville-Pittsylvania, Dickenson County, Eastern Shore, Goochland-Powhatan, Harrisonburg-Rockingham, Highlands, Planning District I, Rockbridge Area, Southside	

NOTES:

- Budget Size is based on State Fiscal Year (SFY) 2000 4th quarter performance contract Reports: Large = \$15 million plus; Medium = \$8 to \$15 million; Small = under \$8.
- Population Density: Urban = 150 people or more per square mile; rural = less than 150 people per square mile. Population statistics are based on the 2000 U.S. Census.

Source: Office of Community Contracting

Definitions (SFY Performance Contract)

Administrative Policy CSBs: The CSB does not employ its own staff. The CSB's Executive Director is hired by local government with the Board's participation. Services are provided by city or county employees or through contracts with other providers. Powers and duties are enumerated in Section 37.197B of the Code of Virginia.

Operating CSBs: The CSB employs its own staff and provides services directly or through contracts with other providers. It is not a city or county Government department. Powers and duties are enumerated in Section 37.197A of the Code of Virginia.

Policy Advisory CSB: The CSB has no operational powers or duties; it is an advisory board to a local government department that provides services directly or through contracts with other providers. Duties of the policy-advisory CSB are enumerated in Section 37.197C of the Code of Virginia. Powers and duties of the local department are enumerated in

Section 37.197A of the Code of Virginia.

Behavior Health Authority (BHA): BHA is the local agency, established by a city or county under Section 37.1-242 et seq. of the Code of Virginia, that plans, provides (directly or through contracts), and evaluates mental health, mental retardation, and substance abuse service in the locality it serves.

Definition - Contract Agency

Contract Agency

There is an important distinction between a contract agency and a purchase of service contract. Contract agencies are generally private not for profit entities that provide services to a Community Services Board (CSB) or local government usually through a grant or shared cost arrangement. Contract Agencies are considered as sub-recipients by DMHMRSAS.

Example:

A CSB issues a contract for 1 year for the provision of all or a portion of MR services. Payment is at a fixed amount for the year.

Sub-recipients Characteristics

The characteristics of sub-recipients are as follows:

- Has performance measured against objectives of a federal program
- Has responsibility for programmatic decision-making
- Has responsibilities for adherence to federal program requirements
- Uses federal funds to carry out a program of organization as compared to providing goods and services
- Determines eligibility for federal financial assistance

Audit Requirements

Contract agencies (sub-recipients) are required to submit audited financial statements annually to DMHMRSAS. A-133 audits may have to be performed depending on the level of federal expenditures.

Purchase of Service (POS) Contracts

Purchases of service contracts are contracts with individuals or organizations for the provision of specific services to a CSB. The provider is considered to be a vendor by DMHMRSAS.

Example 1:

A CSB issues a contract for 1 year for the provision of a portion of MR services. Payment is on a per client basis with no minimum purchase requirement.

Example 2:

A CSB issues a contract for 1 year to an individual physician for psychiatric services. Payment is on a per client basis with no minimum purchase requirement.

Characteristics of Vendors

Vendors have the following characteristics:

- Provides goods or services within normal business operations

- Provides similar goods to many different purchasers
- Operates in a competitive environment
- Provides goods or services that are ancillary to the operation of the federal program
- Not subject to federal compliance or DMHMRSAS requirements

OMB Circular A-133: Audits of State, Local Government and Non-Profit Organizations

Background OMB Circular A-133 was revised in June 1997 as noted below.

1. Establishes new audit thresholds
2. Effective for entities with FYE June 30, 1997 and thereafter

Summary of Changes The following table is a summary of some of the major changes to OMB Circular A-133.

Change	Impact
Raising threshold to \$300,000	Reduce audit costs
Federal due dates have decreased to 9 months (to be phased in): <ul style="list-style-type: none"> • 9 months for FY 2000 (Earlier of 9 months after FYE or 30 days after receipt of the audit report)	Increase timeliness of audits
Risk-based approach to major programs	Greater judgment by auditors
New certification form (DATA COLLECTION FORM)	Streamline communication of findings and questioned costs

Estimated Impact DMHMRSAS estimates that the majority of CSB Contract Agencies will fall below the new single audit thresholds. If so, annual independent audits should still be performed.

Statement of Financial Accounting Standards (SFAS 117): Financial Statements for Not-For-Profit Organizations

Background In June of 1993, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards #117. This statement

establishes new standards for not-for-profit financial statements to meet common needs of external users beginning in FY 94.

**Required
Statements**

This pronouncement requires three statements:

1. Statement of Financial Position (report total assets, liabilities, and net assets);
2. Statement of Activities (report changes in net assets);
3. Statement of Cash Flows (report changes in cash)

**Statement of
Cash Flows**

This pronouncement amends FASB Statement 95, Statement of Cash Flows, to extend its provisions to non-for-profit organizations.

**Classification of
Net Assets**

This pronouncement requires classification of net assets into three classes: permanently restricted, temporarily restricted, and unrestricted. (See Chapter 5, *Governmental Health Care Reporting Model*, of this guide).



Chapter 2: Summary of Audit Report Findings

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Overall Summary of Audit Opinions

Introduction

This chapter illustrates graphically the types of audit opinions rendered for the last five fiscal years for CSBs and CSB Contract Agencies.

Opinions Rendered

Qualified Opinions:

Qualified opinions are not desirable because the auditor has determined that the financial statements are not presented in accordance with generally accepted accounting principles.

Unqualified Opinions:

An unqualified or "clean" opinion is desirable because the auditor has determined that the financial statements are presented in accordance with generally accepted accounting principles.

Summary

The following table summarizes audit opinions for fiscal year ending June 30, 2000.

Type of Audit Opinion	CSBs Receiving Audits*	CSBs Audited with Local Govt.*	Contract Agencies*
Unqualified	96% (27)	100% (12)	100% (19)
Qualified	4% (1)	0%	0% (0)

Listing: Audit Report Review Findings

This table presents findings per DMHMRSAS review of audit reports for CSBs and CSB Contract Agencies for FYE 6/30/00.

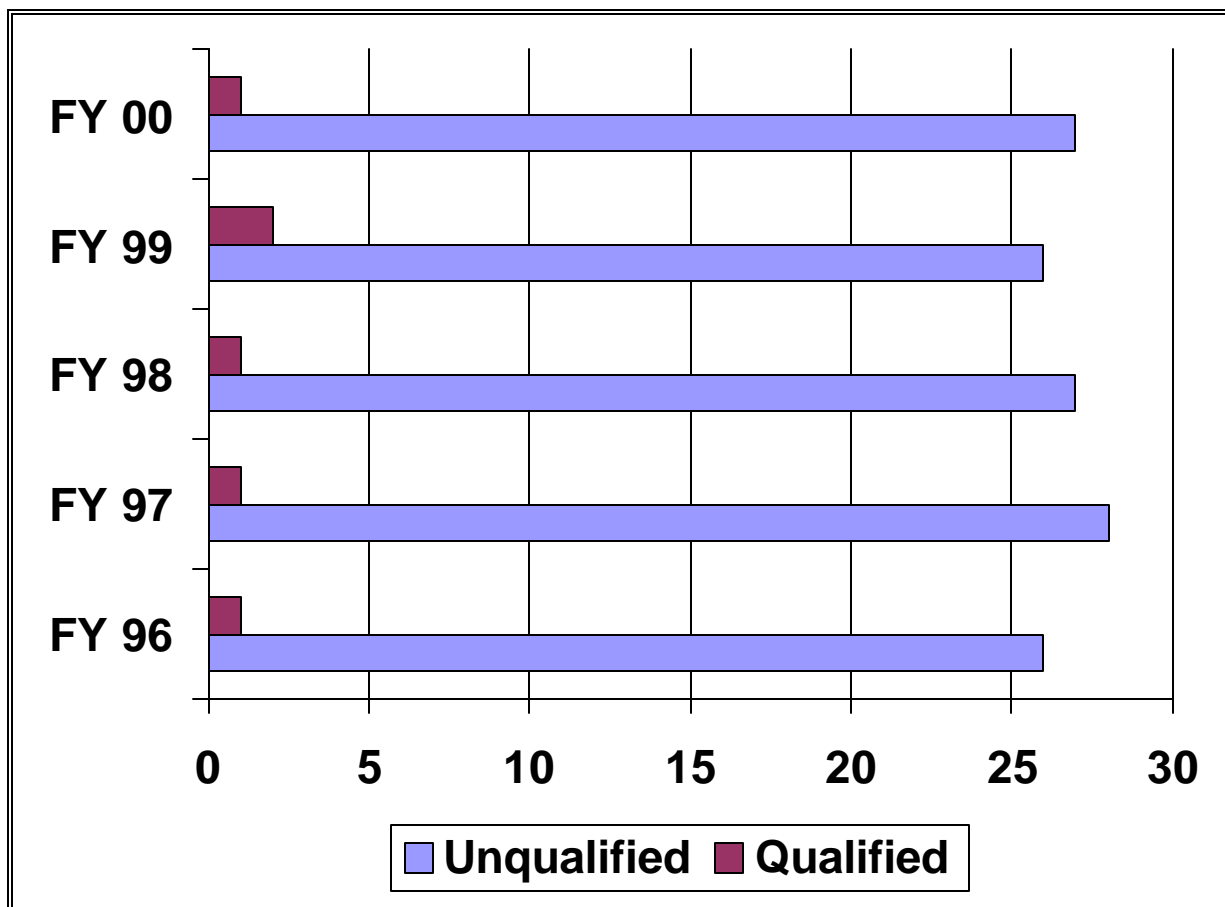
Description of Findings	Number of Findings		
	CSB	Govt. CAFR*	Contract Agency
A – Timeliness of Reporting			
1. The audit report was received late by DMHMRSAS.	3	3	13
2. Audit reports received on time by DMHMRSAS.	25	9	6
B – Financial Statement Presentation/Reporting:			
1. An independent audit was required but not done for a CSB that was classified as an operating board.	1		
2. A single audit was required but not performed.	1		
3. The audit report did not reference applicable standards.	2		
4. The audit report did not refer to the predecessor auditor.	1		
5. A qualified audit opinion was received.	1		
6. An operating deficit was reported.	8		4
7. A fund balance deficit was reported.			2
8. Reportable conditions were noted.	7		
9. Addition errors were noted in the financial statements.	1		1
C – Management Letter			
1. No response was received to DMHMRSAS' FY99 desk review report	1		
2. The auditor did not submit a management letter.	3		7
3. No corrective action plan in reference to the Schedule of Findings and Questioned Costs was submitted.	1		1
D – Federal Schedules			
1. A reconciling difference was noted in the Schedule of Expenditures of Federal Awards.			1
2. The Schedule of Findings and Questioned Costs did not have the required information.	1		
3. Governmental revenues were not separately identified.			3
E – DMHMRSAS Requirements			
1. The 4 th Quarter Report did not reconcile to the Statement of Activities.	4		2
F – Note Disclosure			
1. A note disclosure was inadequate and or not fully explained.	5		
Totals	65	12	40

*Twelve (12) CSBs did not obtain separate audits. They were included as part of the local jurisdiction's CAFR.

Operating CSBs

Summary of Audit Opinions

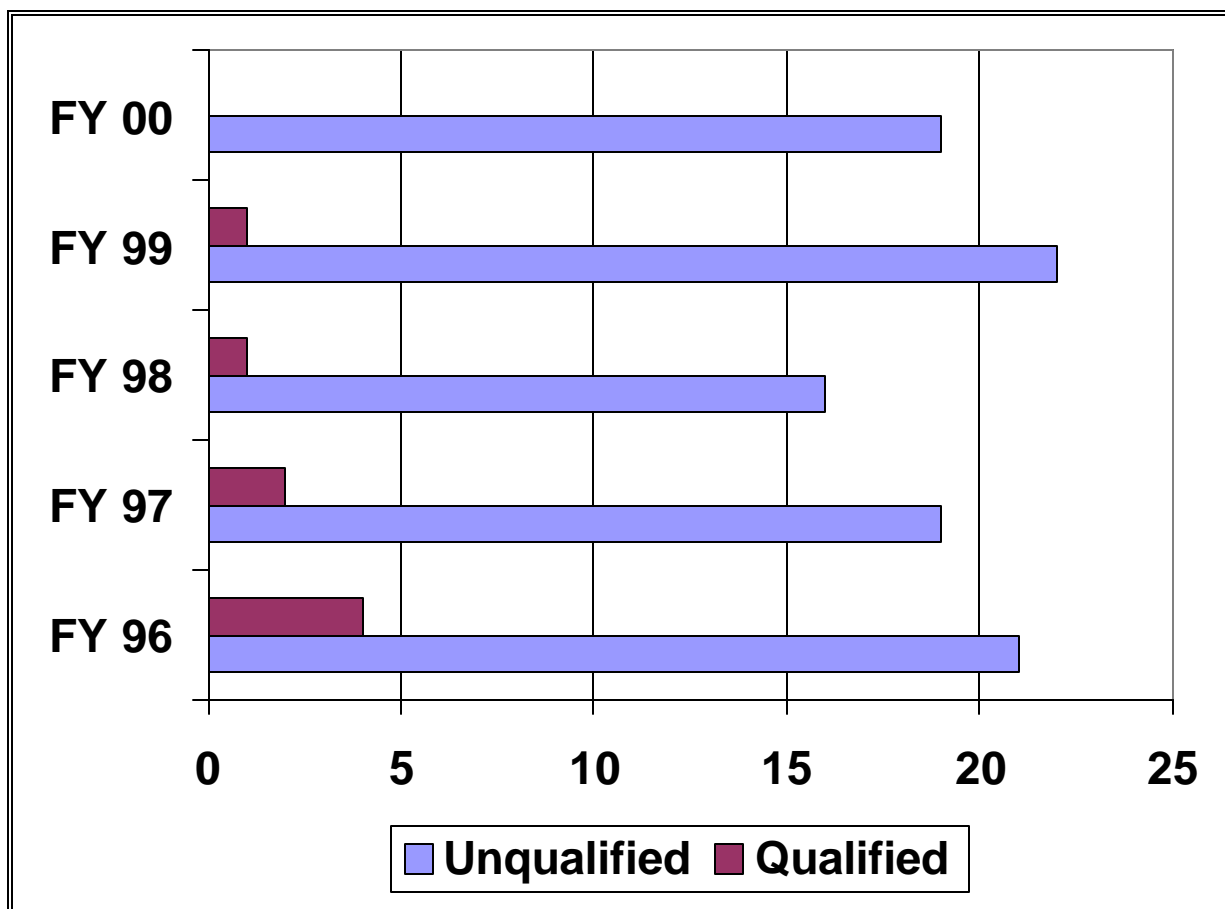
FY1996 - FY2000



Type of Audit Opinion	FY 96*	FY 97*	FY 98*	FY 99*	FY 00*
Unqualified	26	28	27	26	27
Qualified	1	1	1	2	1

* Does not include: Administrative Policy CSBs (10); Local Govt. Departments (1); and Behavioral Health Authorities (1). See Chapter 1, *Introduction to the Audit Guide*, bottom of Page 4.

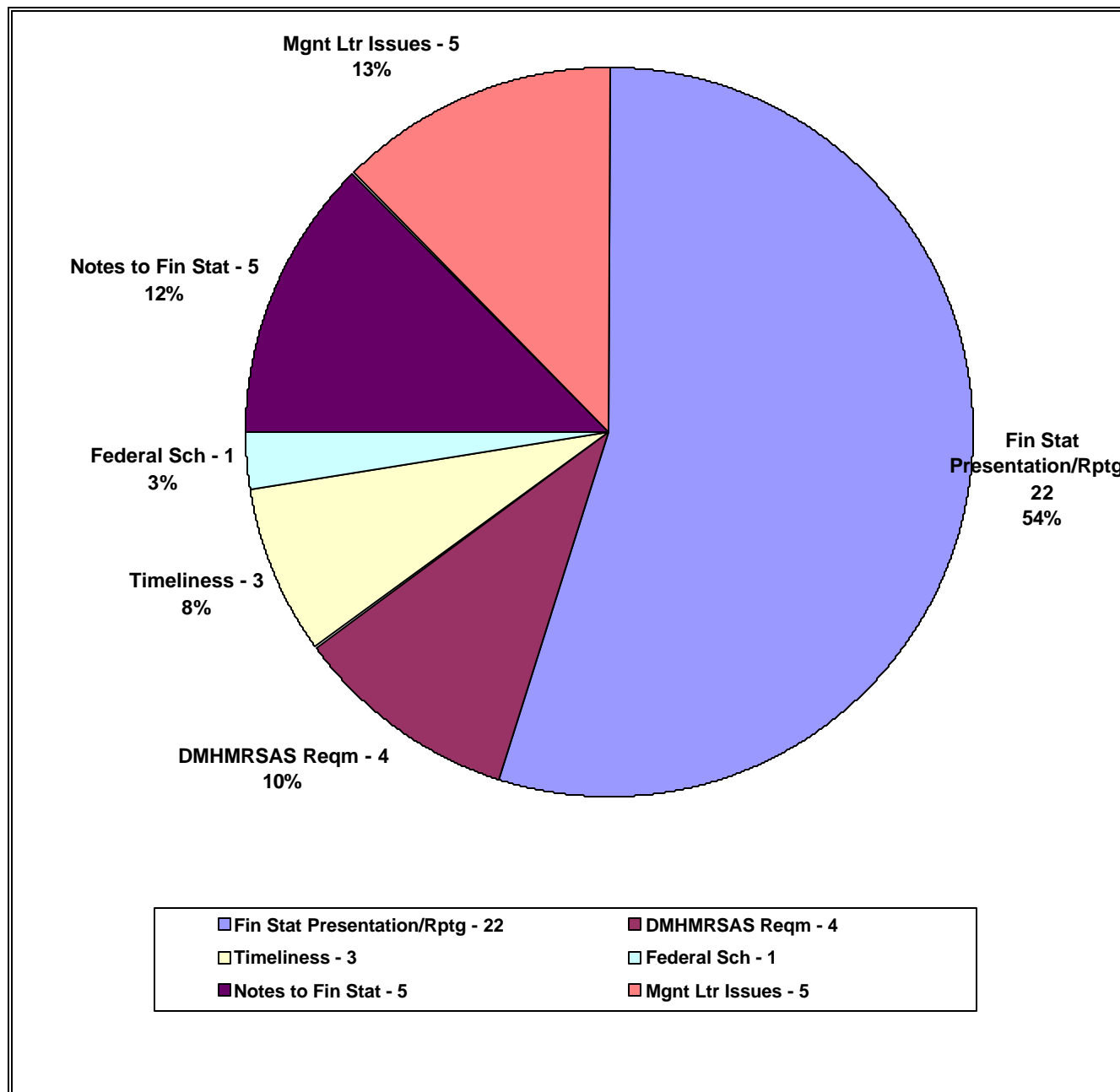
CSB Contract Agencies Summary of Audit Opinions FY1996 – FY2000



Type of Audit Opinion	FY 96	FY 97	FY 98	FY 99	FY 00
Unqualified	21	19	16	22	19
Qualified	4	2	1	1	0

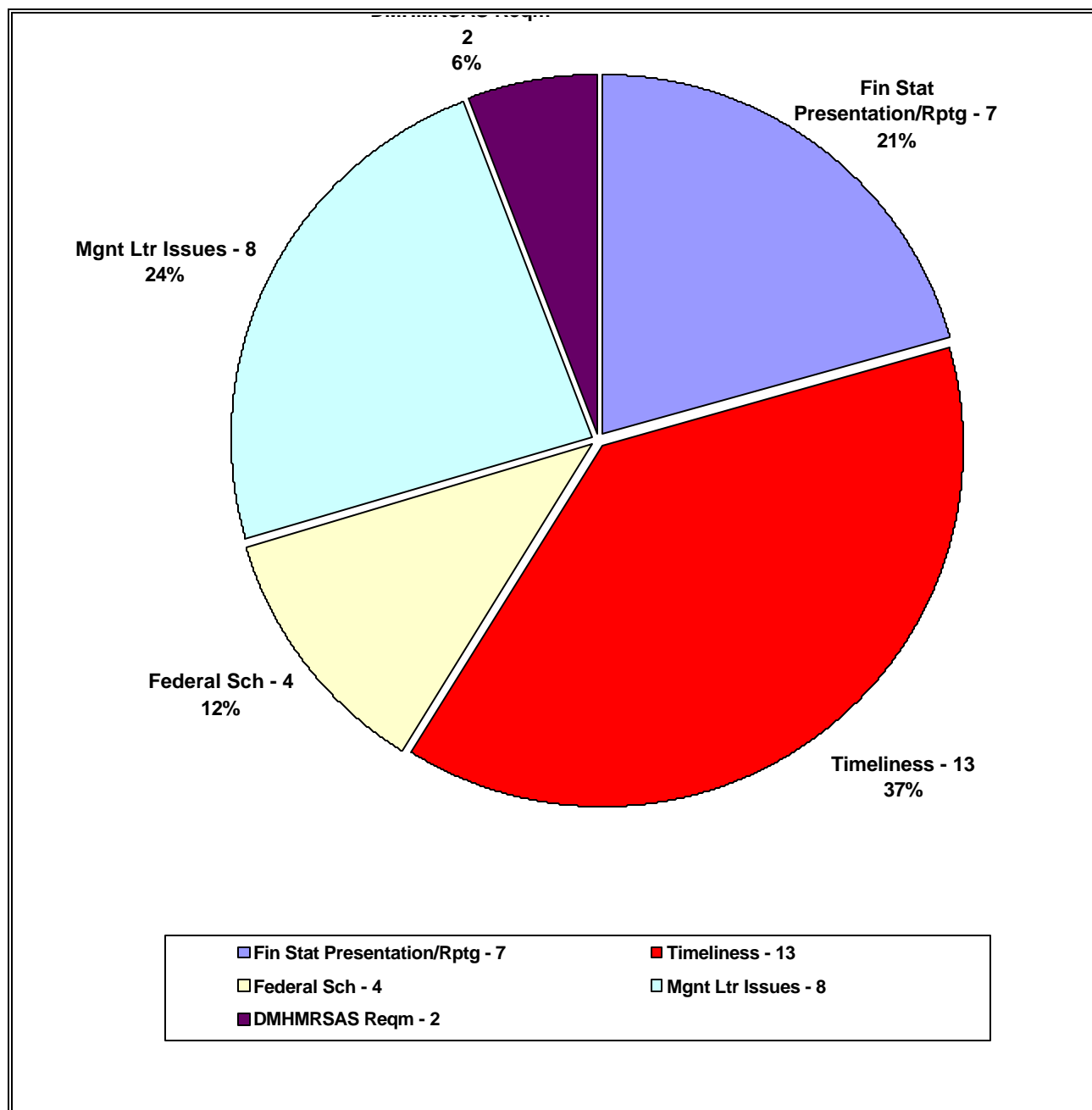
Operating CSBs Summary of Audit Report Findings FY 2000

Total Findings by Category = 40



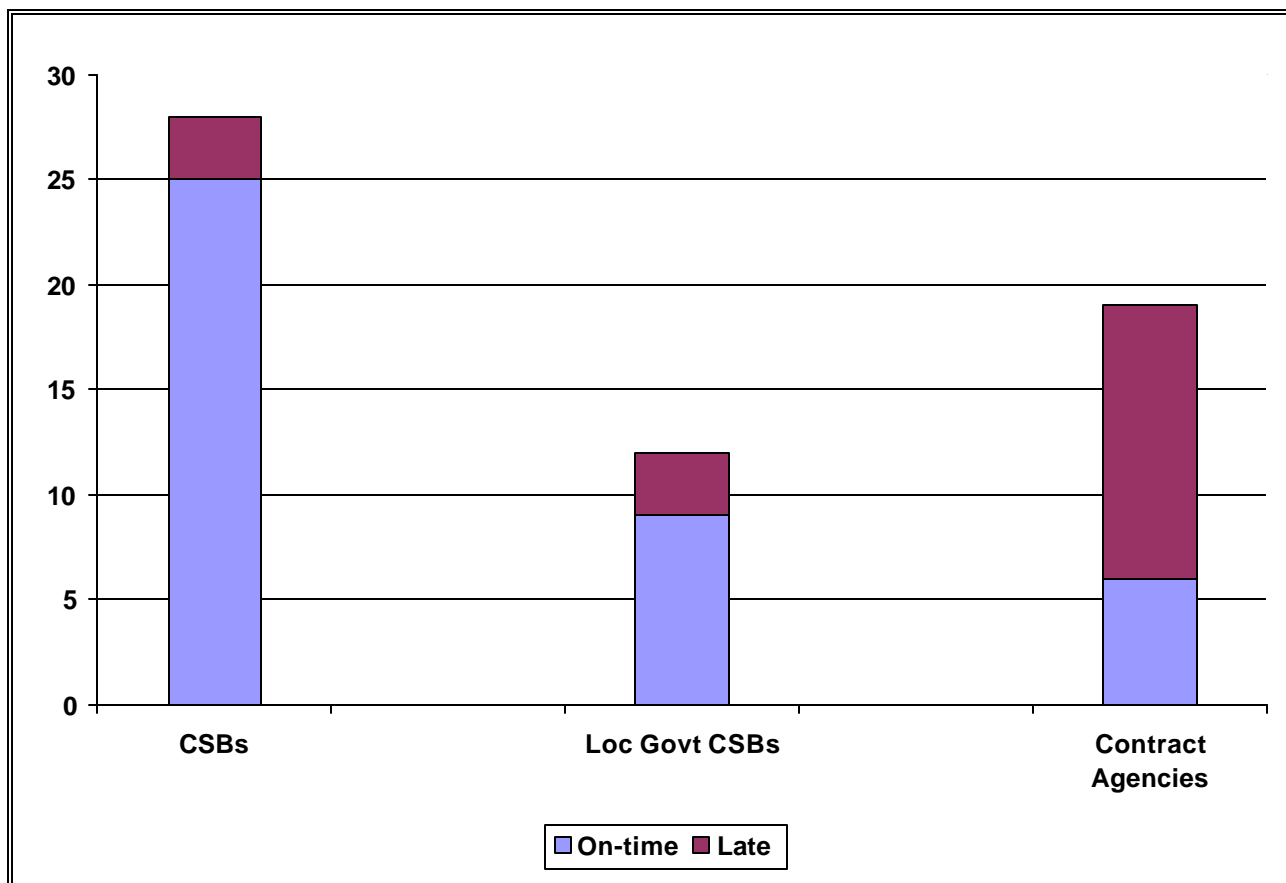
CSB Contract Agencies Summary of Audit Report Findings FY 2000

Total Findings by Category = 34

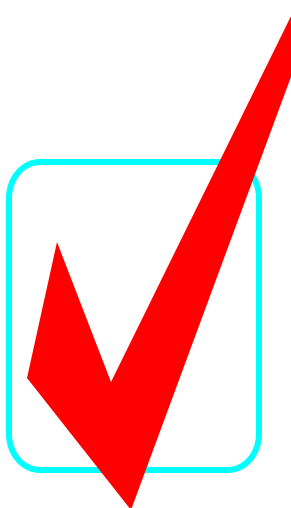


Timeliness of Reporting

FY 2000



Finding	CSBs Regular Audits	CSBs Audited with Local Govt.	CSB Contract Agencies
On-time Reporting	25 (89%)	9 (75%)	6 (32%)
Late Reporting	3 (11%)	3 (25%)	13 (68%)



Chapter 3: Desk Review Checklists

Introduction and Overview, 21

Desk Review Checklists:

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Local Government CSB Checklist, 29

CSB Contract Agency Checklist, 32

Confirmation Request – 4th Qtr. Revenues and Expenses, 35

Introduction and Overview

Introduction

The Desk Review Checklists were adapted from the Virginia Auditor of Public Accounts (APA) and is presented on the following pages. The checklists are used by DMHMRSAS to review annual audits of both CSBs and CSB Contract Agencies. Audit report review findings are mirror images of the steps as listed on the Desk Review Checklists.

APA References

The references listed below are not specifically applicable to CSBs. Much of the information, however, is useful and may apply to CSBs.

1. Uniform Financial Reporting Manual (UFRM)
2. Specifications for Audits of Counties, Cities, and Towns (SPECS)

Confirmation Request

The purpose of this confirmation request is to obtain a confirmation of CSB revenues and expenditures as reported on the fourth quarter report each year and to eliminate reconciliations between the fourth quarter report and the CAFR. The Confirmation Request should be reviewed and approved by local government Finance Directors.

The Desk Review Checklists and Confirmation Request are shown on the pages that follow.

Desk Review Checklist: Governmental Health Care Reporting Model

Virginia Department of Mental Health, Mental Retardation and Substance Abuse Services		Analyst:				
Desk Review Checklist: Govt. Health Care Reporting Model for CSBs		Reviewer:				
Financial Statements Date: FYE 06/30/XX						
CSB Name:						
Audit Firm:		(Report all "NO" answers)				
Step #	Description	YES	NO	N/A	RPT FYE 2000	RPT FYE 2001
	Purpose of Desk Review Checklist: The purpose of this checklist is to review the auditor's reports and financial statements of the CSB. The emphasis is on financial statement presentation and note disclosure as well as the single audit reports.					
A	SECTION A: SUBMISSION OF AUDIT REPORTS					
A1	CSB audit reports are due Nov. 30 for FYE 6/30. Was the audit report received on time? Indicate date received. (_____)					
A2	Did DMHMRSAS receive two copies of the report?					
A3	Were the reports bound?					
A4	Has the Governmental Health Care Model been adopted? (This is effective for FYE June 30, 2001 audits)					
B	SECTION B: MANAGEMENT LETTER					
B1	Does the report include a management letter?					
B2	Does the management letter include specific recommendations?					
B3	Is a Plan of Correction or response included with the management letter?					
B4	Did the CSB/Agency respond to the prior fiscal year Desk Review Report?					
C	SECTION C: INDEPENDENT AUDITOR'S REPORT					
	References: References are to AICPA Auditing Standards Codification (AU), AICPA Audit and Accounting Guide-Audits of State and Local Government Units, May 1999 (AAG-SLG), APA Specifications for Audits of Counties, Cities, and Towns, July 1993 (APA Specs).					
C1	Does the report contain a title that includes the word "independent"? (AU 508.08a)					
C2	Does the report contain a statement the audit was conducted in accordance with GAAS, GAS, and applicable APA Specifications? (AU 508.08d; GAS 5.13; Specs. 8-29.12)					
C3	Does the report contain an opinion on the financial statements (Balance Sheet, Statement of Operations, and Statement of Cash Flows)?					
C4	Is the report "Unqualified" or "Clean"? Reason for qualification?					
C5	Does the report opine to or disclaim an opinion on, statistical data, if any? (AU 551.06d)					
C6	Does the report refer to the predecessor auditor, if applicable? (AU 508.12)					
C7	If GAS applies, is reference made to separate reports on internal controls and compliance?					
C8	If GAS applies, is reference made to the Schedule of Expenditures of Federal Awards and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations?					
D	SECTION D: FINANCIAL STATEMENTS PRESENTATION					

Governmental Health Care Reporting Model Checklist

CSB Name:		(Report all "NO" answers)				
Step #	Description	YES	NO	N/A	RPT FYE 2000	RPT FYE 2001
GENERAL INFORMATION						
D1	Is a Table of Contents presented?					
D2	Are pages numbered?					
D3	Are the majority of pages presented with a portrait orientation?					
D4	Are the financial statements free of operating deficits?					
D5	Are the financial statements free of fund balance deficits?					
BALANCE SHEET:						
D6	Is this statement included?					
D7	Are Client Accounts Receivable presented?					
D8	Is Client Accounts Receivable presented less allowance for uncollectibles?					
D9	Are client funds reported as restricted assets?					
D10	Are cost settlements receivable/payables presented, if applicable?					
D11	Are fixed assets presented net of accumulated depreciation?					
D12	Are fund balances designated between unrestricted and restricted funds?					
D13	Is the liability section consistent with information presented in the note disclosures?					
STATEMENT OF OPERATIONS:						
D14	Is this statement included?					
D15	Is Net Client/Patient Revenue presented?					
D16	Are governmental revenues separately identified (e.g., Federal, State, and Local)?					
D17	Is interest income separately reported as non-operating income?					
D18	Is depreciation included as an expense item?					
D19	Is the information needed to present the Statement of Changes in Fund Balance included at the end of the Statement of Operations? (If not, a separate statement should be presented to show this information).					
D20	If the fund balance amount above is presented at the end of the Statement of Operations, does it agree to the Balance Sheet fund balance amount?					
STATEMENT OF CASH FLOWS:						
D21	Is this statement included?					
D22	Does the statement show Cash Flows from Operating Activities?					
D23	Does the statement show Cash Flows from Non-capital Financing Activities (or a similar category)?					
D24	Does the statement show Cash Flows from Capital Financing Activities (or a similar category)?					
D25	Do the Cash and Cash Equivalents at the end of the year agree to the Balance Sheet amount?					
STATEMENT OF CHANGES IN FUND BALANCES:						
D26	Is this statement included? (N/A if included above)					
D27	Does the ending fund balance amount agree or tie back to the Balance Sheet amount? If comparative statements are presented, does the beginning fund balance for the current year equal the audit fund balance from the prior year?					
E	SECTION E: SINGLE AUDIT REPORTS References: References are to AICPA Generally Accepted Auditing Standards (GAAS), AICPA Audit and Accounting Guide-Audits of State and Local Government Units, May 1999 (AAG-SLG), GAO Government Auditing Standards (GAS), and APA Specifications for Audits of Counties, Cities, Towns, July 1993 (APA Specs), and OMB Circular A-133.					

Governmental Health Care Reporting Model Checklist

CSB Name:		(Report all "NO" answers)				
Step #	Description	YES	NO	N/A	RPT FYE 2000	RPT FYE 2001
E1	Has over \$300,000 in federal grants been received? If not, a single audit is not necessary and the remaining questions should be answered "N/A".					
	REPORT ON COMPLIANCE AND INTERNAL CONTROL:					
E2	Does the report reference the audit of the financial statements and describe any departure from the standard report? (1999 AAG-SLG 18.61a)					
E3	Does the report reference the appropriate standards (i.e., GAAS and GAS)? (1999 AAG-SLG 18.61b)					
	Does the Compliance Paragraph (clean report):					
E4	Indicate "we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants"?					
E5	Indicate "the results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards"?					
	Does the Internal Control Over Financial Reporting Paragraph (clean report):					
E6	Define "material weakness"?					
E7	Indicate "we noted no matters involving the internal control over financial reporting and its operation that we consider a material weakness"?					
	Does the Compliance Paragraph (noncompliance and reportable conditions): (This is N/A if clean report).					
E8	Indicate "we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants"?					
E9	Indicate "our tests disclosed instances of noncompliance... which are described in the accompanying schedule of findings and questioned costs"?					
	Does the Internal Control Over Financial Reporting Paragraph (noncompliance and reportable conditions): (This is N/A if clean report).					
E10	Define "material weakness"?					
E11	Define "reportable conditions"?					
E12	Refer to the accompanying schedule of findings and questioned costs where reportable conditions are described?					
	REPORT ON COMPLIANCE WITH REQUIREMENTS					
	Does the report:					
E13	Reference "the types of compliance requirements described in OMB Circular A-133 Compliance Supplement"? (1999 AAG-SLG App M, 10.46a)					
E14	Reference the appropriate standards (i.e., GAAS, GAS, and OMB Circular A-133)? (AAG-SLG 10.46d)					
E15	Does the Compliance Paragraph (clean report) indicate "complied, in all material respects"?					
	Does the Internal Control Over Compliance Paragraph (clean report):					
E16	Define "material weakness"?					
E17	Indicate "we noted no matters involving...that we considered to be a material weakness"?					
	Does the Compliance Paragraph (qualified opinion on compliance and reportable conditions): (This is N/A if clean report).					
E18	Reference "the types of compliance requirements described in OMB Circular A-133"?					
E19	Reference the appropriate standards (i.e., GAAS, GAS, and OMB Circular A-133)? (AAG-SLG App M, 10.46d)					
E20	Indicate "as described...in the accompanying schedule of findings and questioned costs...did not comply with requirement regarding..."					

Governmental Health Care Reporting Model Checklist

CSB Name:		(Report all "NO" answers)				
Step #	Description	YES	NO	N/A	RPT FYE 2000	RPT FYE 2001
	Does the Internal Control Over Compliance Paragraph (qualified opinion on compliance and reportable conditions): (This is N/A if clean report) .					
E21	Define "material weakness"?					
E22	Define "reportable condition"?					
E23	Indicate "we noted certain matters...that we consider to be reportable conditions"? These should be described in the schedule of findings and questioned costs.					
E24	Indicate whether or not reportable conditions are considered to be material weaknesses?					
E25	Is the report free of reportable conditions?					
	SCHEDULE OF FINDINGS AND QUESTIONED COSTS:					
E26	Are reportable conditions reported, if applicable?					
E27	Are instances of noncompliance reported, if applicable?					
E28	Are questioned costs reported by the auditor, if applicable?					
E29	Was a response to the corrective action plan, if applicable, prepared by the CSB and/or Contract Agency?					
	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:					
E30	Are grand totals presented?					
E31	Does the report have the correct title?					
E32	Are Federal Agencies identified?					
E33	Are CFDA numbers presented?					
E34	Is the reconciliation of federal funds to the 4 th Quarter Report included in the reconciliation schedules (noted below)?					
F	SECTION F: DMHMRSAS DISCLOSURES (The following disclosure issues are defined in Chapter 4 of the CSB Audit Guide. Refer to Section G below for additional disclosures).					
	NOTE DISCLOSURE:					
F1	Is information on Local Funding disclosed or on face of statements?					
	FINANCIAL REPORTING:					
F2	Are client funds disclosed and/or shown separately on the financial statements, generally as restricted cash?					
F3	Are client loans disclosed and/or separately reported as a receivable in the financial statements?					
F4	Is interest earned separately presented?					
F5	Is a comparative presentation made?					
	SUPPLEMENTAL SCHEDULES AND REPORTS:					
F6	Are the Status of Prior Year Findings and Questioned Costs reported or disclosed, if there were prior year findings?					
F7	Are reconciliation schedules presented?					
F8	Is a Schedule of Insurance presented?					
F9	Does the Schedule of Insurance present: Company Agent, Coverage Description, Policy Number, Period Covered, Limits of Liability, Deductible, Premium? (Make a note of any information that is not presented).					
	OPTIONAL INFORMATION:					
F10	Is a list of current Board Members and management team presented?					
F11	Is an organizational chart presented?					
F12	Is Computer Systems Information presented?					

Governmental Health Care Reporting Model Checklist

CSB Name:		(Report all "NO" answers)				
Step #	Description	YES	NO	N/A	RPT FYE 2000	RPT FYE 2001
F13	Are client Statistics presented?					
	GASB 27, Accounting for Pensions by State and Local Government:					
F14	Is 3-Year Trend Information or similar information presented? This information should include Annual Pension Cost (APC), Percentage of APC Contributed, Net Pension Obligation, etc.?					
F15	Is a Schedule of Funding Progress presented showing Actuarial Valuation Date, Actuarial Value of Assets, Actuarial Accrued Liability (AAL), Unfunded Actuarial Accrued Liability (UAAL), Funded Ratio, Annual Covered Payroll, and UAAL as Percent of Payroll?					
G	SECTION G: NOTES TO FINANCIAL STATEMENTS (Note: Parenthetical references are GASB Codification Sections unless otherwise noted. Refer to Section 2300 of the Codification for a listing of required footnote disclosures.)					
	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:					
G1	<u>Organization:</u> Is a description and purpose of the agency provided?					
G2	<u>Reporting Entity:</u> Do the notes list all entities combined to form the reporting entity and the key decision criteria used to determine inclusion or exclusion?					
G3	Does the CSB have a 501C (3) corporation? (If yes, the name, purpose, nature, and whether the 501 C (3) is a component unit should be presented).					
G4	<u>Basis of Accounting:</u> Is the accrual basis of accounting used? (The accrual basis is required by GASB for governmental health care reporting entities - Enterprise Fund Accounting).					
G5	For CSBs in the first year converting to the Governmental Health Care Model, is a Change in Accounting Policy disclosed?					
G6	Is the effect of the change shown for the fund balance?					
G7	<u>Use of Estimates:</u> Do the notes describe the use of estimates in the preparation of financial statements?					
G8	<u>Budgets and Budgetary Accounting:</u> Do the notes disclose relevant information in adopting its budget in reference to the DMHMRSAS's Performance Contract?					
G9	Is the definition of Cash and Cash Equivalents disclosed?					
G10	Are Investments properly disclosed?					
G11	Is the computation for Net Client Service Revenue disclosed in the notes? .					
G12	Is inventory, if applicable, disclosed?					
G13	Is the amount of Allowance for Uncollectible Accounts disclosed (or on face of Balance Sheet) and method of calculation?					
G14	Is the use of Total Columns on Combined Statements – Overview disclosed, if applicable?					
G15	Leave Policies and Compensated Absences: Is this information disclosed in the notes?					
G16	Are deposits with financial institutions, investments including Repurchase Agreements disclosed?					
G17	Is "Due To/From" Other Governmental Units (UFRM pages 6-38) or agencies shown on the face of the statements or disclosed?					
G18	Interfund Receivables and Payables: Is this information presented, if applicable?					
G19	Is information disclosed in reference to Changes in General Fixed Assets including accumulated depreciation?					
	LONG-TERM DEBT:					
G20	Is a Description of Leases Outstanding disclosed?					

Governmental Health Care Reporting Model Checklist

CSB Name:		(Report all "NO" answers)				
Step #	Description	YES	NO	N/A	RPT FYE 2000	RPT FYE 2001
G21	If the entity has capital leases, determine that the note included obligations under capital leases.					
G22	Is a Summary of Debt Service Requirements to Maturity presented?					
G23	Commitments and Contingencies (Note: At a minimum, CSBs should disclose potential reimbursements to federal and state funding agencies as a result of audit or review).					
	Retirement Plan - Pension Plan Obligations					
G24	If the local government participates in the Virginia Retirement System (VRS), determine that the footnote language follows the sample provided by our office and contains the required elements in GASB Statement 5, paragraph 35.					
G25	Is Deferred Revenue – By Type disclosed, if applicable? (UFRM Pages 6-45)					
G26	Is information in reference to Significant Contingent Liabilities including litigation disclosed?					
G27	If significant questioned costs are noted, determine that the contingent liability note appropriately discloses the potential liability.					
G28	Deferred Compensation Plans are disclosed, if applicable?					
G29	Deficit Fund Balances or Retained Earnings of Individual Funds are disclosed, if applicable.					
G30	Related Party Transactions are disclosed if applicable.					
G31	The notes disclose Significant Effects of Subsequent Events, if applicable.					
G32	Risk Management (for entities other than public entity risk pools) (GASB Code Section C50.141; GASB 10 and 30) is disclosed?					
	NOTES TO FINANCIAL STATEMENTS (Other Information – Definitions and Examples)					
	Risk Pool: a cooperative group of governmental entities joining together to finance an exposure, liability, or risk. Risk may include property and liability, workers' compensation or employee health care. A pool may be a stand-alone entity or included as part of a larger governmental entity that acts as the pool's sponsor. Examples in Virginia: VML and VARISK.					
G33	A description of the risks of loss to which the entity is exposed and the ways in which they are handled (e.g., purchase of commercial insurance, participation in a public entity risk pool, risk retention).					
G34	A description of significant reductions in insurance coverage from the prior year by major category of risk, and an indication of whether the settlements exceeded insurance coverage for each of the past 3 fiscal years.					
G35	If the entity participates in a risk pool, a description of the nature of the participation, including the rights and responsibilities of both the entity and the pool.					
	If the entity retains the risk of loss (i.e., is self-insured), then the note should disclose:					
G36	The basis for estimating the liabilities for unpaid claims.					
G37	The carrying amount of liabilities for unpaid claims that are presented at present value in the financial statements and the range of discount rates used to discount those liabilities.					
G38	The aggregate outstanding amount of claims liabilities for which annuity contracts have been purchased in claimant's names.					
G39	A reconciliation of changes in the aggregate liabilities for claims (including IBNR claims) for the current fiscal year and prior fiscal year, in the following tabular format:					
G40	Amount of claims liabilities at the beginning of the fiscal year.					
G41	Incurred claims (current and prior year)					
G42	Payments on claims (current and prior years)					
G43	Amount of claims liabilities at the end of the fiscal year.					
H	SECTION H: CONCLUSIONS					

Governmental Health Care Reporting Model Checklist

[illegible]

Desk Review Checklist: Local Government CSBs

Virginia Department of Mental Health, Mental Retardation and Substance Abuse Services		Analyst:				
Desk Review Checklist: Local Government CSBs		Date:				
Financial Statements Date: FYE 06/30/XX		Reviewer:				
CSB Name:						
Audit Firm:		(Report all "NO" answers)				
Step #	Description	YES	NO	N/A	RPT FY 00	RPT FY 01
	Purpose of Desk Review Checklist: The purpose of this checklist is to review the auditor's reports of the Local Government CSB. The emphasis is on the single audit reports and management letter comments directed to the CSB.					
A	SECTION A: TIMELINESS OF REPORTING					
A1	Audit reports are due Nov. 30 for FYE 6/30. Was the report received on time? Indicate date received. (_____) (Note: 2 copies should be submitted to DMHMRSAS).					
A2	Did the Local Government CSB respond to the FY 00 Desk Review Report, if applicable?					
B	SECTION B: MANAGEMENT LETTER					
B1	Does the report include a management letter?					
B2	Is the management letter free of specific recommendations related to the CSB?					
B3	Is a Plan of Correction or response included with the management letter, if related to the CSB?					
C	SECTION C: INDEPENDENT AUDITOR'S REPORT					
	References: References are to AICPA Auditing Standards Codification (AU), AICPA Audit and Accounting Guide-Audits of State and Local Government Units, May 1999 (AAG-SLG), APA Specifications for Audits of Counties, Cities, and Towns, July 1993 (APA Specs).					
C1	Was the audit of the entire entity?					
C2	Does the report contain a title that includes the word "independent"? (AU 508.08a)					
C3	Does the report contain a statement the audit was conducted in accordance with GAAP, GAS, and applicable APA Specifications? (AU 508.08d; GAS 5.13; 10.35d; and Specs 8-29.12)					
C4	Does the report contain an opinion on the combined (general purpose), combining, and individual fund financial statements?					
C5	Is the report "Unqualified" or "Clean"? Reason for qualification?					
C6	Does the report refer to cash flows if a statement of cash flows was included in the report? (AU 508.06; AU508.08b)					
C7	Does the report opine to or disclaim an opinion on, statistical data, if any? (AU 551.06d)					
C8	Does the report refer to the predecessor auditor, if applicable? (AU 508.12)					
C9	If GAS applies, is reference made to separate reports on internal controls and compliance?					
C10	If GAS applies, is reference made to the Schedule of Expenditures of Federal Awards and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations?					

Local Government CSB Checklist

CSB Name:		(Report all "NO" answers)				
Step #	Description	YES	NO	N/A	RPT FY 00	RPT FY 01
D	SECTION D: SINGLE AUDIT REPORTS References: References are to AICPA Generally Accepted Auditing Standards (GAAS), AICPA Audit and Accounting Guide-Audits of State and Local Government Units, May 1999 (AAG-SLG), GAO Government Auditing Standards (GAS), and APA Specifications for Audits of Counties, Cities, Towns, July 1993 (APA Specs), and OMB Circular A-133.					
D1	Has over \$300,000 in federal grants been received? If not, single audit is not necessary and the remaining questions should be answered "N/A".					
	Reports on Compliance and Internal Control:					
D2	Does the report reference the audit of the financial statements and describe any departure from the standard report (i.e., opinion qualification due to lack of fixed asset account group, reliance on the work of other auditor, etc.)? (1999 AAG-SLG 18.61a)					
D3	Does the report reference the appropriate standards (i.e., GAAS, GAS, and APA Specifications)? (AAG-SLG 18.61a and APA Specs 8-29.12)					
	Does the Compliance Paragraph (clean report):					
D4	Indicate, "We performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants"?					
D5	Indicate "the results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards"?					
	Does the Internal Control Over Financial Reporting Paragraph (clean report):					
D6	Define "material weakness"?					
D7	Indicate "we noted no matters involving the internal control over financial reporting and its operation that we consider a material weakness"?					
D8	Does the Compliance Paragraph (noncompliance and reportable conditions): (This is N/A if clean report). (IF CSB RELATED)					
D9	Indicate, "We performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants"?					
D10	Indicate "our tests disclosed instances of noncompliance... which are described in the accompanying schedule of findings and questioned costs"?					
	Does the Internal Control Over Financial Reporting Paragraph (noncompliance and reportable conditions): (This is N/A if clean report).					
D11	Define "material weakness"?					
D12	Define "reportable conditions"?					
D13	Refer to the accompanying schedule of findings and questioned costs where reportable conditions are described?					
	Reports on Compliance with Requirements					
	Does the report:					
D14	Reference "the types of compliance requirements described in OMB Circular A-133 Compliance Supplement"?					
D15	Reference the appropriate standards (i.e., GAAS, GAS, OMB Circular A-133 and APA Specifications)? (AAG-SLG 18.61a and APA Specs 8.29.12)					
D16	Does the Compliance Paragraph (clean report) indicate "complied, in all material respects"?					
	Does the Internal Control Over Compliance Paragraph (clean report):					
D17	Define "material weakness"?					
D18	Indicate "we noted no matters involving...that we considered to be a material weakness"?					
	Does the Compliance Paragraph (qualified opinion on compliance and reportable conditions): (This is N/A if clean report). (IF CSB RELATED)					
D19	Reference "the types of compliance requirements described in OMB Circular A-133 Compliance Supplement"?					

Local Government CSB Checklist

CSB Name:		(Report all "NO" answers)				
Step #	Description	YES	NO	N/A	RPT FY 00	RPT FY 01
D20	Reference the appropriate standards (i.e., GAAS, GAS, OMB Circular A-133, and the APA Specifications)? (AAG-SLG 18.61a and APA Specs 8.29.12)					
D21	Indicate "as described...in the accompanying schedule of findings and questioned costs...did <u>not</u> comply with requirement regarding..."					
	Does the Internal Control Over Compliance Paragraph (qualified opinion on compliance and reportable conditions): (This is N/A if clean report). (IF CSB RELATED)					
D22	Define "material weakness"?					
D23	Define "reportable condition"?					
D24	Indicate "we noted certain matters...that we consider to be reportable conditions"? These should be described in the schedule of findings and questioned costs.					
D25	Indicate whether or not reportable conditions are considered to be material weaknesses?					
D26	Is the report free of reportable conditions?					
D27	Are reportable conditions determined to be material weaknesses?					
E	SECTION E: SCHEDULE OF FINDINGS AND QUESTIONED COSTS (IF CSB RELATED, N/A IF NO CSB ISSUES)					
E1	Are reportable conditions noted above reported?					
E2	Are instances of noncompliance noted above reported?					
E3	Are questioned costs reported by the auditor?					
E4	Was a response to the corrective action plan, if applicable, prepared?					
F	SECTION F: SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS					
F1	Are grand totals presented?					
F2	Does the report have the correct title?					
F3	Are Federal Agencies identified?					
F4	Are CFDA numbers presented?					
F5	Did the CSB submit a reconciliation of federal funds on this schedule to the DMHMRSAS 4 th Quarter Report?					
G	SECTION G: CONCLUSIONS					
	In my opinion, the report is:					
G1	Acceptable, and requires no or only minor corrections.					
G2	Substandard and requires the correction of one or more major audit deficiencies.					
G3	Significantly inadequate and should be considered for referral to the Auditor of Public Accounts.					
	In my opinion, follow-up audit work:					
G4	Should be considered. (Describe any issues that warrant follow-up.)					
G5	Should not be considered.					
G6	Write a draft of the report and include the findings from above.					
G7	Email or fax a copy of the draft report to the CSB if findings were noted.					
G8	Distribute the final report as noted below: <ul style="list-style-type: none"> ▪ Original with letter to CSB executive director ▪ cc: CSB Board Chair ▪ cc: Audit firm engagement partner or manager ▪ cc: Julie Stanley ▪ cc: Paul Gilding ▪ cc: Financial Management Analyst ▪ cc: OFRC File 					
	FINANCIAL MANAGEMENT ANALYST'S NOTES:					

Desk Review Checklist: CSB Contract Agency

Virginia Department of Mental Health, Mental Retardation and Substance Abuse Services		Analyst:				
Desk Review Checklist: CSB Contract Agencies						
Financial Statements Date: FYE 06/30/XX or Alternate Date: _____		Reviewer:				
CSB Contract Agency Name:						
CSB Name:						
CSB Contract Agency Audit Firm:		(Report all "NO" answers)				
Step #	Description	YES	NO	N/A	RPT FYE 2000	RPT FYE 2001
	Purpose of Desk Review Checklist: The purpose of this checklist is to review the auditor's reports and financial statements of the CSB Contract Agency. The emphasis is on single audit reports.					
A	SECTION A: SUBMISSION OF AUDIT REPORTS					
A1	CSB Contract agency audits are due within 5 months of FYE. Was the audit report received on time? Indicate date received. (_____)					
A2	Did DMHMRSAS receive two copies of the report?					
A3	Were the reports bound?					
B	SECTION B: MANAGEMENT LETTER					
B1	Does the report include a management letter?					
B2	Does the management letter include specific recommendations?					
B3	Is a Plan of Correction or response included with the management letter?					
B4	Did the CSB Contact Agency respond to any issues in the prior fiscal year Desk Review Report, if applicable?					
C	SECTION C: INDEPENDENT AUDITOR'S REPORT					
	References: References are to AICPA Auditing Standards Codification (AU), AICPA Audit and Accounting Guide-Audits of State and Local Government Units, May 1999 (AAG-SLG), APA Specifications for Audits of Counties, Cities, and Towns, July 1993 (APA Specs).					
C1	Was the audit of the entire entity? (DMHMRSAS discourages program audits).					
C2	Does the report contain a title that includes the word "independent"? (AU 508.08a)					
C3	Does the report contain a statement the audit was conducted in accordance with GAAS and GAS)? (AU 508.08d and GAS 5.13)					
C4	Does the report contain an opinion on the financial statements (Statement of Financial Position and Statements of Activities and Cash Flows?					
C5	Is the report "Unqualified" or "Clean"? Reason for qualification?					
C6	Does the report opine to or disclaim an opinion on, statistical data, if any? (AU 551.06d)					
C7	Does the report refer to the predecessor auditor, if applicable? (AU 508.12)					
C8	If GAS applies, is reference made to separate reports on internal controls and compliance?					
C9	If GAS applies, is reference made to the Schedule of Expenditures of Federal Awards and OMB Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i> ?					
D	SECTION D: FINANCIAL STATEMENTS PRESENTATION					

CSB Contract Agency Checklist

CSB Contract Agency Name:		(Report all "NO" answers)				
Step #	Description	YES	NO	N/A	RPT FYE 2000	RPT FYE 2001
	GENERAL INFORMATION:					
D1	Is a Table of Contents presented?					
D2	Are pages numbered?					
D3	Are the majority of pages presented with a portrait orientation?					
D4	Is the Statement of Activities free of a negative change in net assets ?					
D5	Is the Statement of Financial Position free of a net asset deficiency?					
E	SECTION E: SINGLE AUDIT REPORTS References: References are to AICPA Generally Accepted Auditing Standards (GAAS), AICPA Audit and Accounting Guide-Audits of State and Local Government Units, May 1999 (AAG-SLG), GAO Government Auditing Standards (GAS), and OMB Circular A-133.					
E1	Has over \$300,000 in federal grants been received? If not, single audit is not necessary and the remaining questions should be answered "N/A".					
	REPORT ON COMPLIANCE AND INTERNAL CONTROL:					
E2	Does the report reference the audit of the financial statements and describe any departure from the standard report? (1999 AAG-SLG 18.61a)					
E3	Does the report reference the appropriate standards (i.e., GAAS and GAS)? (1999 AAG-SLG 18.61b)					
	Does the Compliance Paragraph (clean report):					
E4	Indicate, "we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants"?					
E5	Indicate "the results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards"?					
	Does the Internal Control Over Financial Reporting Paragraph (clean report):					
E6	Define "material weakness"?					
E7	Indicate, "We noted no matters involving the internal control over financial reporting and its operation that we consider a material weakness"?					
	Does the Compliance Paragraph (noncompliance and reportable conditions): (This is N/A if clean report).					
E8	Indicate, "We performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants"?					
E9	Indicate "our tests disclosed instances of noncompliance... which are described in the accompanying schedule of findings and questioned costs"?					
	Does the Internal Control Over Financial Reporting Paragraph (noncompliance and reportable conditions): (This is N/A if clean report).					
E10	Define "material weakness"?					
E11	Define "reportable conditions"?					
E12	Refer to the accompanying schedule of findings and questioned costs where reportable conditions are described?					
	REPORT ON COMPLIANCE WITH REQUIREMENTS					
	Does the report:					
E13	Reference "the types of compliance requirements described in OMB Circular A-133 Compliance Supplement"? (1999 AAG-SLG App M, 10.46a)					
E14	Reference the appropriate standards (i.e., GAAS, GAS, and OMB Circular A-133)? (AAG-SLG 10.46d)					
E15	Does the Compliance Paragraph (clean report) indicate "complied, in all material respects"?					
	Does the Internal Control Over Compliance Paragraph (clean report):					
E16	Define "material weakness"?					

CSB Contract Agency Checklist

CSB Contract Agency Name:		(Report all "NO" answers)				
Step #	Description	YES	NO	N/A	RPT FYE 2000	RPT FYE 2001
E17	Indicate, "We noted no matters involving...that we considered to be a material weakness"?					
	Does the Compliance Paragraph (qualified opinion on compliance and reportable conditions): (This is N/A if clean report) .					
E18	Reference "the types of compliance requirements described in OMB Circular A-133?"					
E19	Reference the appropriate standards (i.e., GAAS, GAS, and OMB Circular A-133)? (AAG-SLG App M, 10.46d))					
E20	Indicate "as described...in the accompanying schedule of findings and questioned costs...did <u>not</u> comply with requirement regarding..."?					
	Does the Internal Control Over Compliance Paragraph (qualified opinion on compliance and reportable conditions): (This is N/A if clean report) .					
E21	Define "material weakness"?					
E22	Define "reportable condition"?					
E23	Indicate, "We noted certain matters...that we consider to be reportable conditions"? These should be described in the schedule of findings and questioned costs.					
E24	Indicate whether or not reportable conditions are considered to be material weaknesses?					
E25	Is the report free of reportable conditions?					
	SCHEDULE OF FINDINGS AND QUESTIONED COSTS:					
E26	Are reportable conditions reported, if applicable?					
E27	Are instances of noncompliance reported, if applicable?					
E28	Are questioned costs reported by the auditor?					
E29	Was a response to the corrective action plan, if applicable, prepared by the CSB Contract Agency?					
	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:					
E30	Are grand totals presented?					
E31	Does the report have the correct title?					
E32	Are Federal Agencies identified?					
E33	Are CFDA numbers presented?					
F	SECTION F: CONCLUSIONS					
	IN MY OPINION, THE REPORT IS:					
F1	Acceptable, and requires no corrections or only minor corrections.					
F2	Substandard and requires the correction of one or more major audit deficiencies.					
F3	Significantly inadequate and should be considered for referral to the Auditor of Public Accounts.					
	IN MY OPINION, FOLLOW-UP AUDIT WORK:					
F4	Should be considered. (Describe any issues that warrant follow-up.)					
F5	Should not be considered.					
F6	Write the report to include findings and a cover letter addressed to the CSB Executive Director. The report should be properly reviewed and approved prior to mailing.					
F7	The final report is normally to be a part of the CSB's desk review report and distributed to the same parties. The final report should state that the CSB should forward a copy of any contract agency issues for response to DMHMRSAS.					
Notes:						

Local Government CSB Confirmation Request

CONFIRMATION REQUEST

Local Virginia Government
Department of Finance
FY 20XX

Confirmation of the following cash basis revenues and expenditures is requested concerning the Local Virginia Government Community Services Board for FY 20xx. This information is a summary of the 4th Quarter Performance Report submitted.

Revenues	State	Local	Fees	Federal	Other	Total
Mental Health						
Mental Retardation						
Substance Abuse						
Administration						
Total (per 4 th Qtr Rpt)						

Expenditures	Personnel	Operating	Support	Other	Other	Total
Mental Health						
Mental Retardation						
Substance Abuse						
Administration						
Total (per 4 th Qtr Rpt)						

The total revenues and total expenditures reported above agree with the Local Virginia Government's general ledger on a cash basis.

_____ Director of Finance

_____ Local Virginia Government

Printed Name

Date: _____

If the revenues and expenditures do not agree, please attach an explanation or reconciliation.

Please mail or fax responses by Feb 1, 20xx to:

Ken Gunn, CPA, Director
Office of Financial Reporting and Compliance
DMHMRSAS
P.O. Box 1797, Richmond, VA 23218

Fax: (804) 692-0076

Phone: (804) 786-5025



Chapter 4: Reporting Guidelines and Requirements

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Introduction and Overview

Introduction

This chapter covers state and federal reporting guidelines and requirements for CSBs and CSB Contract Agencies. A section requesting additional disclosures is also presented.

Audit Reporting Guidelines

The table below summarizes audit reporting due dates for fiscal years ending June 30 For CSBs and CSB Contract Agencies.

Document Description	APA Due Date	DMHMR Due Date	Fed. Due Date
Audit Reports: CSBs	Oct. 1*	Nov. 30	Note 1
Audit Reports: Local Government CSBs	Nov. 30	Nov. 30	Note 1
Audit Reports: CSB Contract Agencies	N/A	Nov. 30	Note 1
Audit Reports: CSB Related Organizations	N/A	Nov. 30	Note 1
APA Form 110	Nov. 30	N/A	Note 1

* Although the October 1 due date is required by statute, the APA has agreed not to penalize CSBs that submit their audit reports by November 30.

Note 1: Where total federal expenditures exceed \$300,000, submit two (2) copies of the reporting package. For fiscal years ending June 30, the due date is March 31 or the next fiscal year (9 months after year-end) or 30 days after receipt of the audit report whichever is earlier.

Management Letters

Management Letters offer valuable suggestions for improvement in financial management and internal controls to a CSB and CSB Contract Agency. Executive Directors should request that auditors provide a management letter with each audit. These letters:

- add value to the audit process,
- improve financial management, and
- may lead to additional services to a CSB or CSB Contract Agency.

Responses

Plans of Correction or responses to auditor communication, such as Management Letters and Reports on Internal Control and Compliance, and any separate letters should be prepared by the CSB or CSB Contract Agency. The plans should be addressed to the auditor with a copy to DMHMR/SAS. The plans should:

- show responsiveness to the auditor,
- show management's commitment, and
- comply with the Single Audit Act.

Audit Reporting Guidelines

(Continued)

CSB Related Company Audit Reports

All CSB related company audit reports should be submitted to DMHMRSAS for review.

Definition: A CSB related company is any organization or company that the CSB formed for purposes such as holding real estate, acquiring debt, or fund raising. These companies are not component units by definition. DMHMRSAS is requesting copies of all non-component unit related company audits.

Where to send Audit reports?

The audit reports noted above (including number of copies) should be sent to the following addresses.

APA (1Copy):

Auditor of Public Accounts
Local Government Manager
James Monroe Building, 8th Floor
P.O. Box 1295
Richmond, VA 23214-1295

Federal Government (2 Copies):

Federal Audit Clearinghouse
Bureau of the Census
1201 East 10th Street
Jeffersonville, IN 47132

DMHMRSAS (2 Copies):

Dept. of MH, MR, and SA Services
Division of Financial
Administration
Kenneth M. Gunn, Jr., Director
P.O. Box 1797
Richmond, VA 23218-1797

Local Governments (1 Copy):

Operating CSBs should send 1 copy of their audit report to each local government that funds the CSB.

Additional Disclosures - Operating CSBs

Introduction	Additional disclosures are requested for inclusion in annual audit reports. These disclosures are based on governmental accounting and not the governmental health care reporting model that is presented in Chapter 5.						
Comparative Presentation	<p>Comparative presentations of the current and previous fiscal year should be made for:</p> <ul style="list-style-type: none"> • Balance Sheet, • Statement of Operations and Changes in Fund Balance, and • Statement of Cash Flows. <p><u>Note:</u> Similar titles as shown above for the financial statements should be used.</p>						
Client Funds	Client funds held by the CSB should be recorded on the CSB's general ledger and reported in the financial statements. A note disclosure should be made as well.						
Client Loans	Temporary loans to clients should be recorded on the CSB's general ledger and presented as a receivable in the financial statements.						
Interest	Interest earnings should be separately presented. Do not include in other or miscellaneous income.						
Local Funding	<p>The notes should contain a description of the local funding amounts as requested by the APA. Report "In-Kind" contributions separately, if applicable. The APA uses this information when preparing the annual <u>Comparative Cost of Local Government Report</u>.</p> <p><u>Example:</u></p> <p>Note (#): Local Government Contributions</p> <p>Local government funding for the year ended June 30, 20xx was as follows:</p> <table> <tr> <td>City of Hampton</td><td>\$ 50,000</td></tr> <tr> <td>City of Newport News</td><td><u>75,000</u></td></tr> <tr> <td>Total</td><td>\$125,000</td></tr> </table>	City of Hampton	\$ 50,000	City of Newport News	<u>75,000</u>	Total	\$125,000
City of Hampton	\$ 50,000						
City of Newport News	<u>75,000</u>						
Total	\$125,000						
Status of Prior Year Findings	Audit reports should contain such a report if the prior year audit had reportable conditions or instances of non-compliance.						
Schedule of Findings and Questioned Costs	A Schedule of Findings and Questioned Costs should be included in the audit report that details federal catalog number, problems, auditor's recommendations, and questioned costs. If none, the Schedule should so state.						

Additional Disclosures - Operating CSBs

(Continued)

Reconciliation Schedules

Audit reports should contain reconciliation schedules that reconcile audited revenues and expenditures with DMHMRSAS's 4th Quarter Report. See Example below.

Example:

DESCRIPTION	MH	MR	SAS	ADMIN	OTHER	TOTAL
Per 4 th Qtr Report						
Accruals (List)						
Per Audit Report						

Notes:

1. Three (3) separate reconciliations are needed: Total Revenues, Total Expenditures, and Federal Revenue.
2. Reconcile governmental funds only (exclude proprietary funds) if using the governmental model of financial reporting.
3. Indicate the date and version of the 4th quarter report used.

Schedule of Insurance

A Schedule of Insurance should be presented. The schedule should contain the information as indicated below.

Agent's Name	Coverage Description	Policy Number	Period Covered	Limits of Liability	Deductible Amount	Premium Amount

Optional Information

The information requested below is optional but recommended.

- List of board members and management
- Organizational chart (names and titles)
- Client statistics (last 10 years, if available)
 - Unduplicated clients served
 - Mental health residential client days
 - Mental retardation residential client days
- Computer systems information

Example:

Description/Application	Vendor/Name/Model	Notes/Developmental Stage/Implementation Date

Additional Disclosures - CSB Contract Agencies

Introduction	Additional disclosures are requested for inclusion in the annual audit report for CSB Contract Agencies. Refer to the heading below.
Funding Sources	<p>The financial statements or notes should disclose the source of funding, in particular, from:</p> <ol style="list-style-type: none"> 1. CSBs, if several CSBs fund the organization. 2. Federal grant funding (The organization should identify any federal funding that is passed through indirectly from the state, or that is received from the federal government).
Notes	<p>The notes should be comprehensive in scope and provide useful information to the reader. This information should include but is not limited to:</p> <ol style="list-style-type: none"> 1. Reporting entity – a description of the mission, nature of the entity, and services provided. 2. Basis of accounting (normally accrual basis). 3. Other notes necessary for GAAP presentation.
Schedule of Findings and Questioned Costs	A Schedule of Findings and Questioned Costs should be included in the audit report which appropriately details federal catalog numbers, problems, auditor's recommendations, and questioned costs.
Presentation	<p>In addition to adhering to GAAP, the audit report presentation may be improved by:</p> <ol style="list-style-type: none"> 1. Presenting it in a spiral bound report. 2. Including a table of contents and page numbers. 3. Designing pages to be read in a portrait orientation like a book.

Publication Requirements: Summary Statement

Introduction Section 2.1-164 of the Code of Virginia requires the publication of a summary statement of financial condition. This applies to operating CSBs. The summary should be published in a newspaper of general circulation in localities that the CSB serves. The summary should be published at the time the audit report is issued.

As a suggestion, the operating CSB should request that the auditor prepare this Summary Statement. This will streamline the reporting process.

Example The following example should suffice in meeting the Code requirement.

Virginia CSB
Summary Statement of Financial Position
As of June 30, 20XX

Total Assets
Total Liabilities
Fund Balances
 Total Liabilities and Fund Balance

Revenues
Expenditures
Other Sources or Uses
 Net Change in Fund Balances

Detailed financial statements are available for inspection at:

Virginia CSB: _____
Address: _____

Reference Many of the reporting guidelines for CSBs are contained in Chapter 9 of the *Financial Management Standards for Community Service Board*, Third Edition, issued August 2001.

SOP 98-3: Audits of States, Local Governments and Not-for-Profit Organizations Receiving Federal Funds

Introduction This section discusses some of the Auditor Reporting Requirements of AICPA SOP 98-3 Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards issued March 17, 1998.

A-133 The A-133 Reporting Package consists of the following:

**Reporting
Package**

1. Financial statements and Auditor Reports,
2. Schedule of Expenditures of Federal Awards,
3. Summary Schedule of Prior Audit Findings,
4. Corrective Action Plan, and
5. Data Collection Form (must be signed by the CSB or CSB Contract Agency). This form represents a summary of the reporting package. The auditor completes certain sections and also signs the form, which is available on OMB website.

**Overall
Auditor
Reports**

Audit reports should contain the following:

1. Independent Auditors' Report (opinion on financial statements and schedule of expenditures of federal awards).
2. Report on Internal control (related to financial statements and related to major programs).
3. Report on Compliance with laws, regulations, contracts and grants.
4. Schedule of Expenditures of Federal Awards as noted below.

Virginia CSB Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2001			
Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA	Pass Through Entity ID# (If applicable)	Federal Expenditures
US Dept. of HHS: VA DMHMRAS: Mental Health Block Grant	93.958	N/A	\$357,000
Total US Dept. of HHS			\$357,000
Total Expenditures of Fed. Awards			\$357,000

5. Schedule of Findings and Questioned Costs (should include 3 sections).
 - a) Summary of auditor's results,
 - b) Findings related to financial statements, and
 - c) Findings and questioned costs for federal awards.
6. Summary Schedule of Prior Audit Findings (include status of prior audit findings, if any, and reference number, SFQC).
7. The CSB or Contract Agency is required to prepare a Corrective Action Plan for each of the current year's findings. Some organizations include the Corrective Action Plan with the Schedule of Findings and Questioned Costs.

**Address: A-133
Reporting
Package**

Federal Audit Clearinghouse, Bureau of Census
1201 E. 10th Street
Jefferson, IN 47132



Chapter 5

Governmental Health Care Reporting Model

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Moving to the Health Care Reporting Model, 47

The Case for the Health Care Financial Reporting Model, 47

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Governmental Health Care Reporting Model

Introduction CSBs have been reporting under the governmental model. However, DMHMRSAS considers the Governmental Health Care Reporting Model to be more reflective of CSB operations due to the significant increase in fees relative to governmental funding over the past several years. This Chapter presents information relative to the Governmental Health Care Reporting Model. A fee comparison table for fiscal years 1996 through 2000 is shown in the Background section.

Implementation Operating CSBs are required to adopt the Governmental Health Care Reporting Model for fiscal years ending after June 30, 2001.



The Virginia General Assembly created community services boards in Virginia in 1968. Section 37.1-194 of the Code of Virginia states that “every county or city or combination of cities or counties or counties and cities shall establish a community services board.” Community services boards are considered to be agents of the local government or local governments that they serve.

During the first two decades of their existence, community services boards were funded primarily with state, local, and federal dollars in the form of grants or subsidies. Fees were charged and collected but these made up only a small part of the CSB revenue. In 1990, the Medicaid program was introduced to the CSB system. This program has grown steadily since its introduction to the CSBs. Immediately prior to the introduction of Medicaid to the CSB system, fees comprised a total of \$31.5 million or 11% of a total revenue amount of \$279 million. In fiscal year 1991, the first year of Medicaid in the community services board system, fees totaled nearly \$57 million or a total of 19% of total CSB revenues. As of the close of fiscal year 2000, fees amounted to \$186.4 million or 34.8% of a total revenue amount of \$535.9 million. Furthermore, fees represent the largest single source of funding to the CSB system today. For 11 CSBs, fees represent over half of their total revenues. Because of increased fees coupled with health care reimbursement methodology and revenue recognition principles, the question arises of whether CSB financial statements should continue to be presented in accordance with generally accepted accounting principles promulgated by the American Institute of Certified Public Accountants (AICPA) Audits of State and Local Governmental Units audit and accounting guide or whether another reporting model would be more appropriate.

Table 1: Revenues Received (\$Million)

Revenues Received	1996 Amount	%	1997 Amount	%	1998 Amount	%	1999 Amount	%	2000 Amount	%
Fees Collected	\$120.6	30.8%	\$145.1	35.0%	\$162.8	37.3%	\$219.6	41.8%	\$186.4	34.8
State Funds	116.3	29.7%	113.3	27.4%	110.8	25.4%	125.4	23.9%	154.5	28.8
Local Funds	103.1	26.3%	105.6	25.5%	107.9	24.7%	115.9	22.0%	122.9	22.9
Federal Funds	38.1	9.7%	36.2	8.7%	42.0	9.6%	46.4	8.8%	51.5	9.6
Other Funds	13.9	3.5%	14.0	3.4%	13.2	3%	18.4	3.5%	20.6	3.9
Total Funds	\$392.0	100%	\$414.2	100%	\$436.7	100%	\$525.7	100%	\$535.9	100.0

Sources: Fiscal years 1996 – 2000 based on Statement of Grants Reports; FY00 DMAS Medicaid figures plus CSB funding history for other fees

Community Services Boards as Health Care Providers

CSBs provide behavioral health care in the areas of mental health, mental retardation and substance abuse. This fact puts them squarely in the health care arena. According to the AICPA Health Care Organizations Audit and Accounting Guide, health care organizations can be classified into the following categories:

- Investor Owned Health Care Enterprises
- Not for Profit Business Oriented Organizations
- Governmental Health Care Organizations

Governmental health care organizations are defined as “ public corporations and bodies corporate and public. Other organizations are governmental organizations if they have one or more of the following characteristics:

- Popular election of officers or appointment (or approval) of a controlling majority of the members of the organization's governing body by officials of one or more state or local governments;
- The potential for unilateral dissolution by a government with the assets reverting to a government; or
- The power to enact and enforce a tax levy.”

Virginia's CSBs are comprised of appointed officials from one or more local governments. This, combined with the fact that as agents of local government they provide behavioral health care services, **makes them a governmental health care provider.**

Moving from the Governmental Model to the Health Care Reporting Model

Traditionally, CSBs have presented financial statements in accordance with the AICPA Audit and Accounting Guide "Audits of State and Local Governmental Units". In the past, this model was appropriate and recognized that CSBs were agencies of local government that were subsidized largely by state, local and federal dollars. Today, the largest single funding source in the CSB system is fees. Refer to the table above.

Because fees are the largest single source of CSB revenue, at a minimum the governmental model would require that a CSB's financial statements be presented as an Enterprise Fund. Paragraph 13.02 of the AICPA Audit and Accounting Guide Audits of State and Local Governmental Units states that "enterprise funds account for operations that are financed and operated much like private business enterprises... The intention is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis are to be financed or recovered primarily through user charges". Paragraph 15.03 of the AICPA Audit and Accounting Guide states that "A special governmental unit may be subject to the audit guidance in other guides that may apply to the following entities:

- Providers of health care services
- Colleges and Universities
- Certain nonprofit activities
- Employee benefit plans
- Voluntary health and welfare organizations
- Property liability and insurance companies"

The above presented guidance from the state and local government audit and accounting guide allows for the movement to the health care model of financial reporting.

The Case for the Health Care Financial Reporting Model

In Virginia, there are 39 community services boards and 1 behavioral health authority. Of these, 29 serve more than one jurisdiction while 11 serve only one jurisdiction. Thirty-one (31) boards have fees that comprise 30% or more of their total operating revenues. The analysis below indicates the extent to which CSBs are reliant upon fees for operating revenue.

<u>Interval</u>	<u>Number of CSBs</u>
Greater than 60% fees	2
50-59% fees	9
40-49%	11
30-39%	8
20-29%	4
Less than 20% fees	<u>6</u>
Total	<u>40</u>

The Code of Virginia emphasizes the establishment and collection of fees by CSBs. Section 37.1-197 requires community services boards to “prescribe a reasonable schedule of fees for services provided by personnel or facilities under the jurisdiction or supervision of the board and the collection of same.” This section of the Code goes on to say “every board shall institute a reimbursement system to maximize the collection of fees from persons receiving services under the jurisdiction or supervision of the board consistent with the provisions of 37.1-202.1 and from responsible third party payers.” Section 37.1-202.1 referred to above states that “the income and estate of a client shall be liable for expenses of services or facilities under the jurisdiction or supervision of any community services board which are utilized by the client.” The emphasis upon fee collection is expected to increase as more Medicaid covered services are brought on line. The reimbursement principles utilized by CSBs are those utilized by health care organizations. These principles require that a charge be created for each client service delivered. The charge is carried entirely into accounts receivable or, more likely, is discounted and subjected to various contractual adjustments and allowances. However this is ultimately treated with regard to write-off and collection, an attempt is made to collect a fee for every service delivered. Either the individual or the third party is billed for the services rendered. Governmental revenue recognition principles vary greatly from the reimbursement principles outlined above. In governmental accounting, revenues are recognized on a modified accrual basis (when measurable and available) as opposed to the full accrual basis. New governmental accounting principles are moving away from the modified accrual basis of accounting. Yet, even these principles are very different from the reimbursement principles described above.

Further drivers of the health care model can be found in the new performance contract for fiscal year 2002. Consider the following:

- Section 6.6.3 of the performance contract requires that written fee collection policies and procedures shall be adequate to maximize revenues from consumers and responsible third party payers.
- Section 6.6.4 of the performance contract requires that a schedule of charges exist for all services and that schedule be related reasonably to the cost of all services, and be applicable to all recipients of the services.
- Section 6.6.5 of the performance contract states that a method, approved by the CSB’s board of Directors, that complies with all applicable state and federal

regulations shall be used to evaluate the ability of each consumer to pay fees for services received.

In conclusion, CSBs operate within a behavioral health care environment and are increasingly reliant upon fees. Furthermore, it is the policy of the Commonwealth of Virginia to have consumers or responsible third party payers pay for the cost of service delivery to the maximum extent possible. These are the primary driving forces of the application of the health care model of financial reporting.

Illustrative Financial Statements

Virginia Community Services Board Balance Sheets For the Fiscal Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Assets:		
Current Assets		
Cash and Cash Equivalents	\$ X	\$ X
Short Term Investment	X	X
Consumer Accounts Receivable (Net of Allowance for Doubtful Accounts)	X	X
Other Current Assets	<u>X</u>	<u>X</u>
Total Current Assets	<u>XX</u>	<u>XX</u>
Assets Limited As to Use:		
Internally Designated	X	X
Consumer Funds Held by Trustees	<u>X</u>	<u>X</u>
Property and Equipment (Net of Accumulated Depreciation)	X	X
Other Assets	<u>X</u>	<u>X</u>
Total Assets	<u>\$XX</u>	<u>\$XX</u>
Liabilities and Fund Balance:		
Current Liabilities:		
Current Maturities of Long Term Debt	X	X
Accounts Payable and Accrued Expenses	X	X
Current Portion of Accrued Leave Liability	X	X
Other Current Liabilities	X	X
Funds Held in Trust for Consumers	<u>X</u>	<u>X</u>
Total Current Liabilities	<u>XX</u>	<u>XX</u>
Long Term Debt, Net of Current Maturities	X	X
Long Term Portion of Accrued Leave Liability	X	X
Other Long Term Liabilities	X	X
Total Liabilities	<u>XX</u>	<u>XX</u>
Fund Balance:		
Unrestricted	X	X
Restricted	<u>X</u>	<u>X</u>
Total Fund Balance	<u>XX</u>	<u>XX</u>
Total Liabilities and Fund Balance	<u>\$XX</u>	<u>\$XX</u>

See accompanying notes to the financial statements.

Illustrative Financial Statements

Virginia Community Services Board Statement of Operations and Changes in Fund Balance For the Fiscal Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Revenue:		
Net Client Service Revenue	\$ X	\$ X
Appropriations from the Commonwealth of Virginia	X	X
Appropriations from Local Governments	X	X
Unrestricted Donations	X	X
Other	<u> X</u>	<u> X</u>
Total Revenue	<u> XX</u>	<u> XX</u>
Expenses:		
Salaries and Benefits	X	X
Supplies	X	X
Insurance	X	X
Provision for Bad Debts	X	X
Depreciation and Amortization	X	X
Interest Expense	<u> X</u>	<u> X</u>
Total Expenses	<u> X</u>	<u> X</u>
Operating Income (Loss)	XX	XX
Non-operating Income		
Interest Income	X	X
Investment Income	X	X
Sale or Surplus Property	<u> X</u>	<u> X</u>
Total Non-operating Income	<u> XX</u>	<u> XX</u>
Excess (Deficiency) of Revenues Over Expenses	XX	XX
Fund Balance, beginning of year	<u> XX</u>	<u> XX</u>
Fund Balance, end of year	<u> \$XX</u>	<u> \$XX</u>

See accompanying notes to the financial statements.

Illustrative Financial Statements

Virginia Community Services Board Illustrative Financial Statements Statement of Cash Flows For the Fiscal Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Cash Flows from Operating Activities		
Appropriations from the Commonwealth (Unrestricted)	\$ X	\$ X
Appropriations from Local Government (s) (Unrestricted)	X	X
Other Unrestricted Operating Revenue	X	X
Payments from Third Party Providers	X	X
Payments from Non-Third Party Providers	X	X
Cash Payments for Personnel	X	X
Cash Payments for Materials, Supplies and Other	<u>X</u>	<u>X</u>
Operating Needs		
Net Cash Provided from Operations	<u>XX</u>	<u>XX</u>
Cash Flows from Noncapital Financing Activities:		
Cash Transfers In	X	X
Cash Transfers Out	<u>X</u>	<u>X</u>
Net Cash Used for Non-capital Financing Activities	<u>XX</u>	<u>XX</u>
Cash Flows from Capital Financing Activities:		
Sale of Fixed Assets	X	X
Acquisition of Capital Asset	X	X
Net Cash Used for Capital Financing	<u>XX</u>	<u>XX</u>
Cash Flows from Investing Activities:		
Interest Income	X	X
Investment Income	<u>X</u>	<u>X</u>
Net Cash Provided from Investing Activities	<u>XX</u>	<u>XX</u>
Net Increase (Decrease) in Cash and Cash Equivalents	XX	XX
Cash and Cash Equivalents at Beginning of Year	<u>X</u>	<u>X</u>
Cash and Cash Equivalents at End of Year	<u>\$XX</u>	<u>\$XX</u>

See accompanying notes to the financial statements.

Revenue Summary (CSBs)

For the Year Ended June 30, 2000

Community Services	State Funds	Local Funds	Fees	Federal Funds	Other Funds	Total Revenue	% Fees
Alexandria	3,519,896	7,812,456	4,824,267	2,525,839	232,937	18,915,395	25.5%
Alleghany Highlands	960,362	112,023	1,810,313	326,040	24,647	3,233,385	56.0%
Arlington	5,060,626	7,801,847	4,216,820	1,131,722	1,022,032	19,233,047	21.9%
Blue Ridge	6,811,458	730,033	6,153,234	2,501,979	1,001,579	17,198,283	35.8%
Central Virginia	4,119,852	750,339	6,898,223	1,639,977	1,141,229	14,549,620	47.4%
Chesapeake	4,315,473	3,124,356	1,678,035	1,050,194	0	10,168,058	16.5%
Chesterfield	3,447,282	4,957,850	8,594,090	1,080,924	514,410	18,594,556	46.2%
Colonial	3,429,433	1,337,680	2,767,350	594,054	778,560	8,907,077	31.1%
Crossroads	1,820,640	271,945	5,798,576	755,734	288,793	8,935,688	64.9%
Cumberland Mountain	2,928,771	152,482	5,301,921	864,886	1,671,949	10,920,009	48.6%
Danville-Pittsylvania	3,118,010	320,728	3,496,224	830,232	207,212	7,972,406	43.9%
Dickenson	806,596	74,482	793,479	226,737	20,679	1,921,973	41.3%
District 19	5,568,759	624,038	4,068,904	2,345,497	232,434	12,839,632	31.7%
Eastern Shore	2,171,278	192,767	3,035,990	447,786	139,268	5,987,089	50.7%
Fairfax-Falls Church	11,939,286	60,625,743	8,939,103	5,149,849	1,346,899	88,000,880	10.2%
Goochland-Powhatan	1,478,571	275,690	854,433	389,331	149,556	3,147,581	27.1%
Hampton-Newport News	9,470,266	2,287,124	12,376,846	2,376,566	951,934	27,462,736	45.1%
Hanover	1,903,483	2,116,255	972,321	430,817	471,727	5,894,603	16.5%
Harrisonburg-Rock.	2,725,550	252,150	1,756,927	470,523	313,302	5,518,452	31.8%
Henrico Area	4,502,898	8,440,393	3,720,504	1,446,779	816,392	18,926,966	19.7%
Highlands	2,332,738	359,341	2,639,737	720,548	146,404	6,198,768	42.6%
Loudoun	2,113,723	5,186,329	3,148,535	439,756	496,779	11,385,122	27.7%
Middle Peninsula-NN	2,453,406	303,581	6,064,773	838,674	16,716	9,677,150	62.7%
Mount Rogers	3,433,683	421,510	6,902,469	1,049,393	137,595	11,944,650	57.8%
New River Valley	3,803,041	285,809	5,337,700	1,288,052	250,233	10,964,835	48.7%
Norfolk	7,643,582	1,597,572	2,819,768	2,477,641	620,095	15,158,658	18.6%
Northwestern	3,409,950	549,665	3,323,796	1,085,085	479,606	8,848,102	37.6%
Piedmont Regional	2,442,300	297,591	4,598,351	973,885	190,368	8,502,495	54.1%
Planning District 1	2,338,211	261,777	2,602,798	721,824	606,988	6,531,598	39.8%
Portsmouth	4,242,303	483,993	3,076,202	1,276,328	267,653	9,346,479	32.9%
Prince William	4,290,635	5,521,620	2,406,713	1,351,474	291,363	13,861,805	17.4%
Rappahannock Area	2,761,197	727,069	8,033,032	1,336,735	718,907	13,576,940	59.2%
Rappahannock -Rapidan	3,141,677	334,086	5,629,282	898,833	287,699	10,291,577	54.7%
Region Ten	3,746,564	808,310	8,451,787	1,461,869	1,585,219	16,053,749	52.6%
Richmond	8,658,059	1,615,218	9,082,906	4,396,217	611,266	24,363,666	37.3%
Rockbridge Area	1,665,968	284,597	2,726,507	369,990	176,869	5,223,931	52.2%
Southside	2,343,678	215,793	3,948,030	412,860	38,072	6,958,433	56.7%
Valley	4,023,844	268,873	5,004,430	861,965	1,541,035	11,700,147	42.8%
Virginia Beach	6,553,123	643,672	7,795,697	2,037,885	382,277	17,412,654	44.8%
Western Tidewater	2,990,070	544,441	4,735,618	911,024	429,531	9,610,684	49.3%
Totals	154,486,242	122,971,228	186,385,691	51,495,504	20,600,214	535,938,879	

Source: FY 2000 4th Quarter Performance Report (Access Data Base)

Notes and Suggestions for Improvement

Introduction

Readers are encouraged to comment and provide suggestions for improvement in this section. Comments and suggestions will be reviewed and included in the 2002 CSB Audit Guide document. Make your comments below. Use an additional page if necessary. Your comments may be mailed, faxed, or sent by e-mail.

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